

2004

D-2210W Underpayment of Estimated  
Income Tax By Individuals

**SEE INSTRUCTIONS ON REVERSE**

**IMPORTANT: Please review the instructions before completing this form**

Your first name, M.I., Last name	Your SSN
<input type="text"/>	<input type="text"/>
Spouse's first name, M.I., Last name	Spouse's SSN
<input type="text"/>	<input type="text"/>
	Your daytime phone number
	<input type="text"/>

**Exceptions which avoid the penalty**

**No penalty is due and this form should not be filed if:**

- A. Your tax liability on taxable income after deducting District of Columbia withholding tax and applicable credits is less than \$100, or
- B. You have made quarterly estimated tax and withholding payments as required and the total amount is equal to or more than 100% of last year's taxes or 90% of the current year's taxes.

**Computation of Underpayment**

1	2004 DC Tax Liability from Form D-40, Line 41 or D-40EZ, Line 8	\$	<input type="text"/>
2	Multiply the amount on Line 1 by 90% (.90)		<input type="text"/>
3	2003 DC Tax Liability from Form D-40, Line 41 or D-40EZ, Line 8		<input type="text"/>
4	Minimum withholding and estimated tax requirement for tax year 2004 (lesser of line 2 or 3).		<input type="text"/>
5	Multiply the amount on Line 4 by 25% (.25)		<input type="text"/>

*Note: If your income was not evenly divided over 4 quarters, see instructions on the reverse side of this form on how to use the "Annualized Income" method.*

**Due date of Installments**

1 <sup>st</sup> Period	2 <sup>nd</sup> Period	3 <sup>rd</sup> Period	4 <sup>th</sup> Period
04/15/04	06/15/04	09/15/04	01/15/05

6	Enter the amount from Line 5 or the annualized amount in each period (the 2 <sup>nd</sup> period includes the 1 <sup>st</sup> Period amount, 3 <sup>rd</sup> Period includes the 1 <sup>st</sup> and 2 <sup>nd</sup> amounts, the 4 <sup>th</sup> Period includes all amounts)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Check here if using the "Annualized Income" method <input type="checkbox"/>					
7	DC withholding and estimated taxes paid each period (the 2 <sup>nd</sup> period includes the 1 <sup>st</sup> Period amount, 3 <sup>rd</sup> Period includes 1 <sup>st</sup> and 2 <sup>nd</sup> amounts, the 4 <sup>th</sup> Period includes all amounts)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
8	Underpayment each period (Line 6 minus Line 7)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
9	Penalty Factors	.0175	.0265	.0351	.0259
10	Line 8 multiplied by Line 9	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
11	Penalty - Total of amounts from Line 10. Pay this amount. (See instructions)				\$ <input type="text"/>

# Instructions for Underpayment of Estimated Income Tax by Individuals

## Estimated Tax Penalty

### What is the DC law regarding payment of Estimated Income Tax?

DC law requires every individual or couple filing jointly, to pay quarterly estimated tax if they:

- receive taxable income which is not subject to DC withholding;
- receive wages which did not receive enough withholding; and
- the expected tax from these sources is expected to be more than \$100.

The law states that anyone who is required to file and pay estimated tax and fails to pay the amount required by the dates due is subject to an underpayment of estimated income tax penalty and interest.

### When is a penalty for Underpayment of Estimated Income Tax assessed?

A penalty is assessed if your total DC estimated income tax payments (and withheld amounts) compared to the DC tax do not equal at least the smaller of:

- 90% of the tax due as shown on your return, or
- 100% of the tax due as shown on your 2003 tax return.

### Are there any exceptions?

You are not subject to the penalty for underpayment of estimated tax if:

- You had no DC income tax liability for the tax year 2003 and in that year, you lived in DC the entire 12 months,
- The tax due for 2004 minus income tax withheld or estimated tax payment is less than \$100,
- Your DC estimated tax payments plus any DC income tax withheld equals or is greater than your 2003 DC income tax liability, or
- The tax amount due on your DC return is not more than 10% of your total 2004 DC tax; and all of the amounts you paid, including estimated tax payments were paid on time.

## Who should file the D-2210?

### Who needs to file this Underpayment of Estimated Income Tax document?

- You can use this form to calculate your penalty. If you do attach it to your tax return and add the penalty and any interest to the amount you calculate for Line 43 of D-40 or Line 16 of D-40EZ. If you do not wish to calculate the penalty and interest, we will do it automatically when your return is processed and will notify you of the amount due.
- You can also complete this form if you believe the amount assessed for Underpayment of Estimated Income Tax penalty is incorrect. **NOTE:** Use the annualized income installment method if your income was disproportionately earned in the later part of the year.

### Where do you send this form?

If you complete it before filing your tax return, attach it to your return. If you complete it after receiving notice of a penalty assessment, send it to:

Office of Tax and Revenue  
941 N Capitol St NE 6th Floor

Washington DC 20002-4265

Attn: Estimated Tax Penalty Adjustment

## Completing this form

### Line 1

Enter the amount from your D-40 or D-40EZ

### Line 2

Multiply the amount on Line 1 by 90% (.90) to determine the current tax amount. Your withheld taxes or estimated tax payments must be equal to or greater than this amount.

### Line 3

Enter the amount from your 2003 DC Form D-40 Line 41 or D-40EZ Line 8. If your 2003 return was amended or corrected, be sure to show the corrected amount.

### Line 4

Enter the lesser of either Line 2 or Line 3. This is your minimum withholding and estimated tax payment amount for 2004.

### Line 5

Multiply the amount on Line 4 by 25% (.25). This gives you an even distribution of your liability over the four quarters of the tax year.

### Line 6

Enter the amount from Line 5 under each of the columns for installments. For example, If your Line 5 is \$2,000.00, you would enter \$2000.00 for the 1<sup>st</sup> period, \$4000.00 for the 2<sup>nd</sup> Period, \$6,000.00 for the 3<sup>rd</sup> Period and \$8,000.00 for the 4<sup>th</sup> Period.

**Annualized income method:** If your income was different for each period, determine the percentage for each period (divide the period amount by full year's income). Multiply Line 4 by each period's percentage and enter the amounts earned by period on Line 6. Accumulate the period amounts as shown above. Check the box for "Annualized Income".

### Line 7

Enter the amounts withheld and estimated payments paid for each period. Include the amounts from the previous period in with the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> periods. For example, If your withheld and estimated payment amount is \$1,000.00 in each period, you would enter \$1,000.00 in the 1<sup>st</sup> Period, \$2,000.00 in the 2<sup>nd</sup> Period, \$3000.00 in the 3<sup>rd</sup> Period and \$4000.00 in the 4<sup>th</sup> Period.

### Line 8 Underpayment each period

For each column, subtract Line 7 from Line 6. If Line 7 exceeds Line 6, you have no penalty. If there is an amount remaining, this is your quarterly underpayment amount.

### Line 9 Penalty Factors

These are the penalty factors by period. They are the penalty percentage based on the number of days between periods.

### Line 10

For each column, multiply the amount on Line 8 by the factor on Line 9. This is your penalty by period.

### Line 11 Penalty

Add the amounts from each column on Line 10. This is your total Underpayment of Estimated Tax Penalty.

- If you are filing this with your form, include it in the amount you owe and with pay the total amount with the return.
- If you are filing this form separately, pay the amount you owe. Make the check out to the **DC Treasurer**.